

# Income Support in Relation to Housing in Canada and Selected Other Countries

## INTRODUCTION

The purpose of this study was to better understand the characteristics of income support programs (social assistance) and shelter or housing benefits and the ways they are delivered in Canada and selected OECD countries. The six countries reviewed were Australia, Finland, Ireland, the Netherlands, the United Kingdom and the United States (New York State). The study set out to answer the following questions:

- What are the basic income support benefits in each jurisdiction?
- How do they relate to housing benefits?
- How are income assistance rates set and are they set in a complementary way to housing benefits?
- Do benefits differ depending on where people live: by market type (social housing or private market) and by market location and costs (urban, suburban, rural)?
- How do social assistance and housing benefits compare to three objective measures: minimum-wage income, low income measure (LIM) and average market rents.

For the purposes of this study, four household types were selected for comparison: single non-senior adult, non-senior adult couple, single parent with two dependent children, and couple with two dependent children. In both types of families with children, one child was aged 6 or younger and the second child, between 12 and 17.

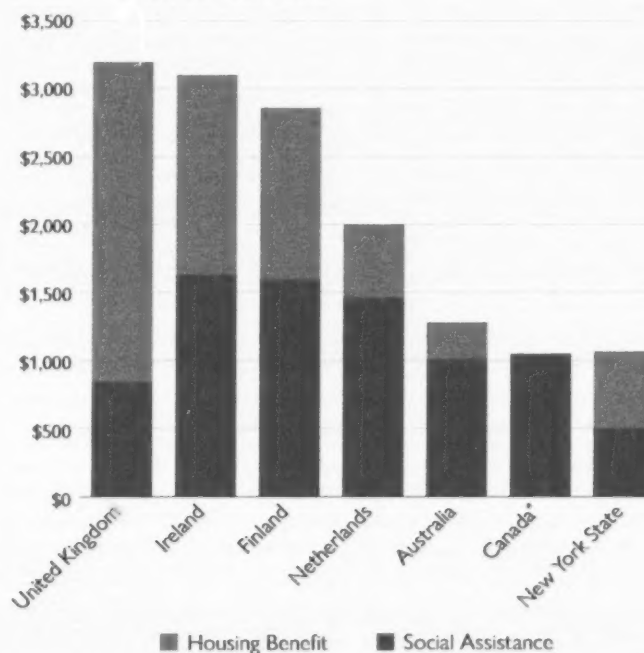
## FINDINGS

The international review and domestic review looked at the following questions:

### What are the basic social assistance benefits in each jurisdiction?

- Most of the selected Canadian and international jurisdictions provide two distinct benefits within their social assistance allocation: a housing benefit and a basic benefit to account for other costs of living. Exceptions include Quebec and New Brunswick—they provide recipients with a single benefit, covering both housing cost and other costs of living.
- The United Kingdom and New York State also provide additional benefits as part of their social assistance programs (for example, child benefits in the United Kingdom and home energy benefits in New York State). See figure 1.

Figure 1: Social assistance and housing benefit rates for a single adult with two children in selected countries



\*In order to compare internationally, the assistance rate for the median province or territory was selected for each household type in order to mitigate the potential effect of provinces or territories with particularly high or low social assistance benefits.

### How do rates for basic social assistance benefits compare to those for housing benefits?

- In almost all Canadian provinces and territories and in half the international jurisdictions reviewed, housing benefits exceed basic benefits intended to cover other costs of living. In the other jurisdictions, housing benefits account for at least a third of total monthly social assistance benefits, with the exception of Australia and the Netherlands, where housing benefits account for between 20% and 30% of total social assistance benefits, depending on household type.

### How are basic social assistance and housing benefits structured?

- Housing benefits are often provided as a distinct benefit within social assistance programs, in addition to the basic benefit. Exceptions include Quebec, New Brunswick and the United Kingdom, all of which provide a single basic benefit meant to encompass costs of living, including housing. In the Netherlands, the housing benefit is provided through a distinct program, separate from social assistance.
- This study revealed a trend toward single benefit structures, which aim to streamline administration of social assistance programs and make them easier to understand for applicants and recipients.
- Alternatively, housing benefits, such as a rent supplement, that are provided to residents regardless of employment status or receipt of social assistance serve to expand access to all low-income households. Many provinces, including British Columbia, Alberta, Saskatchewan, New Brunswick and Nova Scotia, offer rent supplement and rental assistance programs to benefit low-income residents.

### Do social assistance and/or housing benefits differ depending on where people live?

- Half the selected jurisdictions vary their social assistance rates based on where recipients reside within the jurisdiction. These variations are meant to account for differing costs of living across the jurisdiction, particularly in remote areas, Northern communities and large cities.

### How do social assistance and housing benefits compare to adequacy benchmarks for people with low incomes?

- Social assistance and housing benefits in the selected jurisdictions were compared to three objective measures: the average market rent in each jurisdiction, the low income measure (LIM)—50% of the median adjusted disposable household income—and the income received by a full-time employee working at a minimum-wage salary, using concepts of adequacy and fairness. Figures 2, 3 and 4 provide the results of these comparisons for a single-parent family with two dependent children.
- For a single adult with two dependent children, the proportion of average market rent covered by the shelter or housing benefit was 100% in the United Kingdom, Finland and Ireland, about 50% in Canada and less than 50% in the Netherlands, Australia and New York State (see figure 2). Note that average market rent is a comparison tool. Actual rent paid by social assistance recipients may exceed or fall below this value. If average market rents are below shelter allowance levels, benefits are paid for recipients' real cost of housing, not the maximum benefit.
- Considering all family types, housing benefits accounted for 75% or more of average market rents in Finland, Ireland and the United Kingdom.
- The United Kingdom's housing benefits are particularly generous when contrasted with those of other international jurisdictions, likely on account of the particularly high rental accommodation costs in certain areas of the country.

- Social assistance plus housing benefits approach or exceed the low income measure (LIM) in Finland, Ireland, the Netherlands and the United Kingdom (see figure 3).
- Social assistance plus housing benefits account for 75% or more of the minimum wage in Ireland, the Netherlands and the United Kingdom (see figure 4). The study points out the tension between the "adequacy" of income support in meeting basic needs—enabling someone to afford rent—and the "fairness" of a person capable of work but on income support receiving the same income as a working person at a minimum-wage job.

Figure 2: Proportion of average market rent covered by housing benefit for a single adult with two dependent children in selected countries

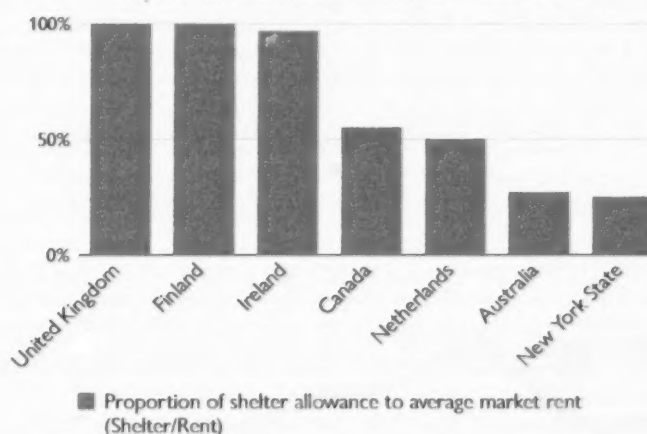


Figure 3: Proportion of Low Income Measure covered by social assistance benefits for a single adult, two dependent children in selected countries

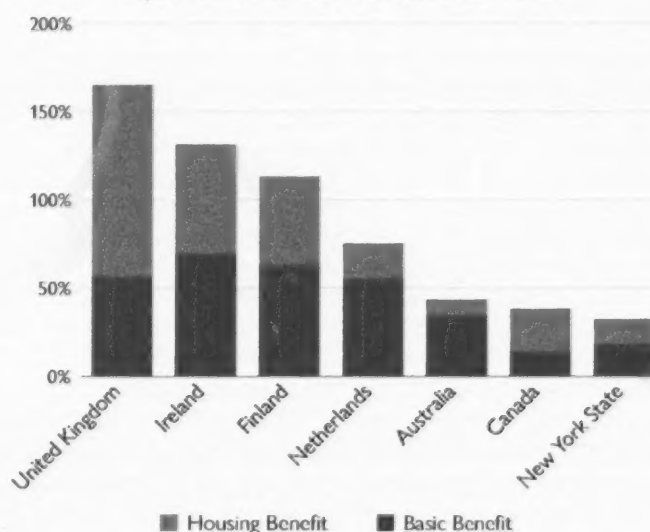
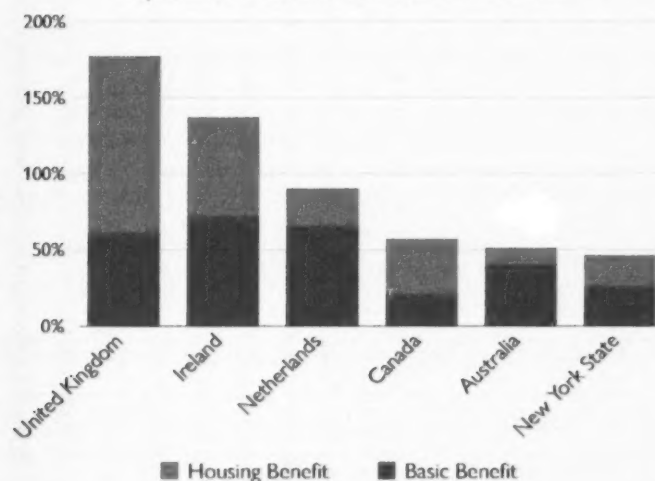


Figure 4: Proportion of average market rent covered by housing benefit for a single adult with two dependent children in selected countries



## IMPLICATIONS

The way social assistance and housing benefits are delivered and the level of support provided vary considerably across Canada and across countries, as do the overall social safety nets including health, employment, child-care and other supports.

A trend observed in this study is the move toward a simplification of benefits within social assistance programs to provide a single benefit that encompasses all household needs, rather than separate benefits for basic expenses and housing. Jurisdictions are still in the early stages of implementing this approach, and there is consequently no information regarding implementation and outcomes yet.

Another trend is the use of mechanisms for assistance that are generally available to low-income residents, such as guaranteed annual income programs—which are being explored in Ontario, Finland and the Netherlands—and housing benefits that are independent of social assistance programs, as is currently in place in the Netherlands and being considered in Manitoba. Understanding the benefits and costs of more streamlined approaches to delivering income supports through housing or minimum-income benefits can inform Canada's policies as the National Housing Strategy is implemented.

This analysis points out the apparent contradiction between “adequacy” and “fairness” in assessing social assistance and housing benefit rates. It might be fair to say that a low-income person who

is working should not be at a disadvantage compared with a person receiving social assistance who is able to work. On the other hand, for assistance levels to be “adequate,” it makes sense that a low-income family should be able to afford shelter and food. The level and type of assistance are reflections of societal values of fairness, equity and adequacy in the context of other economic and social conditions. While some jurisdictions ensure that housing benefit rates are responsive to local conditions such as real rent levels or in line with an objective norm such as minimum wage, in others, assistance rates fall significantly below real costs or objective norms. Further practical research into the impact of varying levels and types of assistance could help inform practice.

## FURTHER READING

*Income Support in Relation to Housing in Canada and Selected Other Countries: Final Synthesis Report:*

[https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/research\\_2/r-income-support-in-relation-to-housing-final\\_synthesis\\_jul23.pdf](https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/research_2/r-income-support-in-relation-to-housing-final_synthesis_jul23.pdf)

*Income Support in Relation to Housing in Canada and Selected Other Countries: International Jurisdictions:*

[https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/research\\_2/income\\_support\\_in\\_relation\\_housing\\_in\\_canada\\_other\\_countries.pdf](https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/research_2/income_support_in_relation_housing_in_canada_other_countries.pdf)

## RESOURCES

For the purposes of this study:

*Low income measure (LIM)*

<https://www.statcan.gc.ca/pub/75f0002m/2012002/lim-mfr-eng.htm>

**Project Manager:**

Janet Kreda

Housing Needs Research

Canada Mortgage and Housing Corporation





## ALTERNATIVE TEXT AND DATA FOR FIGURES

**Figure 1: Social assistance and housing benefit rates for a single adult with two children in selected countries**

|                | Social Assistance | Housing Benefit |
|----------------|-------------------|-----------------|
| United Kingdom | \$832             | \$2,342         |
| Ireland        | \$1,617           | \$1,463         |
| Finland        | \$1,582           | \$1,256         |
| Netherlands    | \$1,451           | \$533           |
| Australia      | \$1,000           | \$268           |
| Canada*        | \$1,036           | \$0             |
| New York State | \$491             | \$564           |

\*In order to compare internationally, the assistance rate for the median province or territory was selected for each household type in order to mitigate the potential effect of provinces or territories with particularly high or low social assistance benefits.

**Figure 2: Proportion of average market rent covered by housing benefit for a single adult with two dependent children in selected countries**

|                | Proportion of shelter allowance to average market rent (Shelter/Rent) |
|----------------|-----------------------------------------------------------------------|
| United Kingdom | 100%                                                                  |
| Finland        | 100%                                                                  |
| Ireland        | 97%                                                                   |
| Canada         | 55%                                                                   |
| Netherlands    | 50%                                                                   |
| Australia      | 27%                                                                   |
| New York State | 25%                                                                   |

**Figure 3: Proportion of Low Income Measure covered by social assistance benefits for a single adult, two dependent children in selected countries**

|                | Basic Benefit | Housing Benefit |
|----------------|---------------|-----------------|
| United Kingdom | 56%           | 109%            |
| Ireland        | 69%           | 62%             |
| Finland        | 63%           | 50%             |
| Netherlands    | 55%           | 20%             |
| Australia      | 34%           | 9%              |
| Canada         | 14%           | 24%             |
| New York State | 18%           | 14%             |

**Figure 4: Proportion of Minimum Wage covered by Basic Benefits and Housing Benefits for a single adult with two dependent children in selected countries**

|                | Basic Benefit | Housing Benefit |
|----------------|---------------|-----------------|
| United Kingdom | 61%           | 116%            |
| Ireland        | 72%           | 65%             |
| Netherlands    | 66%           | 24%             |
| Canada         | 21%           | 36%             |
| Australia      | 40%           | 11%             |
| New York State | 26%           | 20%             |